

HOPWA Grantee Financial Instructions

Office of Community Planning and Development (edit of December 8, 2004)

OVERVIEW

This document contains instructions to access HOPWA program funds. HOPWA funds will be wire transferred directly from the U.S. Treasury into your bank account. There will be no need to mail and deposit checks.

Enclosed with this document are instructions along with the forms you will need to access your HOPWA account.

SUMMARY OF THE LOCCS/VRS PAYMENT SYSTEM

All HOPWA grantees will use LOCCS/VRS to request program funds. LOCCS stands for the Line of Credit Control System, and is the system HUD uses to track the payment of grant funds. VRS stands for the Voice Response System, and is the automated system used by grantees to request funds that are recorded in LOCCS. Grantees use VRS to request funds via a touchtone telephone. Synthesized text-to-speech dialogue is used to request payment data from the caller.

VRS requires the caller to enter a User ID, password, and a VRS grant number to ensure that the caller has authority to request grant funds for the HOPWA grant. The requested payment amount is checked against the grant's available balance in LOCCS to ensure that the request does not exceed the grant's authorized funding limits. LOCCS will not allow more than one draw per grant per day. Once the request is approved, funds are wired from the U.S. Treasury directly into the grantee's bank account, usually within 48 hours from the day the request is made.

USING THE VRS/BLI PAYMENT SYSTEM

Creating your Account in LOCCS

You will receive three copies of the HOPWA Grant Agreement to sign and return to the Field Office (FO). When the FO receives all three signed copies, they will be executed (signed) and one executed copy will be returned to you. The effective date of the grant is the date the grant agreement was signed by the FO.

The FO will enter information on the grant agreement, including name, address, and term, into LOCCS. The FO will also enter the amount awarded, by Budget Line Item (BLI). BLIs are listed on your notification letter and on the grant agreement itself, and reflect the categories of funds you listed on your budget exhibits in your application. All funds must be requested by BLI.

User ID and Password

Only users with valid User IDs and passwords may access LOCCS/VRS. Users are allowed access to only those programs, projects, and functions that have been requested and approved by the LOCCS Security Officer at HUD Headquarters.

Renewal grantees should already have authorization to access LOCCS/VRS. For instructions on changing or adding authorized persons visit the HUD website at <http://hudweb.hud.gov/po/f/locvrs.htm>.

Voice Response Number

Each grantee will receive a letter containing his or her computer-generated Voice Response Number corresponding to the renewal grant funds.

Preparing the Voucher

The LOCCS/VRS HPAC Request Voucher for Grant Payment Form (HUD-27053-A) is used for HOPWA VRS payments. A copy of the voucher is enclosed. Please make copies of the voucher as you need them. Instructions for the completion of the voucher are included on the reverse side of the voucher. Grantees will retain vouchers for periodic monitoring by the Field Office.

MAKING THE CALL

VRS Equipment

The LOCCS/VRS phone number is (703) 391-1440. Hours of operation for LOCCS VRS are 8:00 a.m. to 6:00 p.m. Eastern Time, Monday through Friday. After the initial greeting, a menu selection is given. LOCCS is selection number 2.

ID, Password, and Program Area

The caller must have a properly completed voucher in hand as a reference when making the call. LOCCS will first ask for the caller's User ID and password to verify that the caller is authorized to draw down HOPWA funds. Once LOCCS validates the User ID and password, the system will ask the caller for the program area for which the current request is being made; the caller selects "HPAC".

Voucher Number

LOCCS/VRS will ask the caller for the three-digit program number; the caller enters **038**. LOCCS/VRS will give the caller the remaining 6 digits of the voucher number. **The caller must write the entire voucher number in Block 1 of the voucher form and then enter the entire 9-digit voucher number before the call is terminated for verification.** This procedure also ensures that each voucher number is unique.

Entering the VRS Number

LOCCS/VRS will ask the caller to enter the 10-digit VRS number that the grantee received by mail. LOCCS/VRS will give the caller the grantee's HOPWA grant number as verification.

BUDGET LINE ITEMS

Expenditures should be assigned to the following HOPWA-specific Budget Line Items (BLI) which group the HOPWA eligible activities into the following BLI categories:

- 1010 Acquisition;
- 1020 Rehabilitation and new construction, including conversion and repair costs of facilities to provide housing and services ;
- 1030 Operating costs for housing, including maintenance costs;
- 1040 Rental Assistance, including tenant-based and project-based costs;
- 1050 Supportive Services and other, including short-term rent, mortgage and utility payments, technical assistance, housing information services, and resource identification to establish, coordinate and develop housing assistance resources;
- 1060 Administrative costs, including grantee and project sponsor costs for the general management, oversight, coordination, evaluation and reporting on eligible activities;
- 1100 Leasing costs for facilities to provide housing and services;
- 1120 Other approved activities (Including Data Collection funds or other HUD-approved activities that were specified in their application).

These four-digit numbers are unique to the HPAC program area and are not intended to be used for other HUD programs, although similar to the voucher payment items used on the standard form HUD-27053-A. As noted in the HOPWA regulation, staff costs and other costs directly related to carrying out an eligible activity should be included in that activity BLI as an activity delivery cost. BLIs are tracked in LOCCS and used in HOPWA voucher drawdowns.

Entering Budget Line Items

LOCCS/VRS will then prompt the caller to enter the first 4-digit line item number. LOCCS/VRS verifies that it is a valid number for the grant type and for the program area. The line item's name is spoken back to the caller. For example, if the line item "**1030**" is entered from the SNAP grant voucher, LOCCS/VRS will speak, "ENTER THE AMOUNT OF OPERATING COSTS FOLLOWED BY A POUND SIGN."

The caller will then enter the amount of funds to be drawn against the Line Item, followed by a pound (#) sign. Since LOCCS/VRS does not know in advance the number of digits being entered, the caller must enter a pound sign (#) as the last input to indicate they have completed entering digits.

For example, to request \$28,569.78, the caller would enter:

2 8 5 6 9 . 7 8 #

This process is repeated until the caller indicates that there are no more line items for the given voucher by entering "9999." LOCCS/VRS then summarizes the line item entries and their related dollar amounts and provides the caller with a voucher total amount for confirmation. The caller then has a final option to process or cancel the request.

If the caller has made a drawdown request in error and wishes to cancel the request after the call has been made, he or she must notify the FO immediately. The request can be cancelled if done before 6:00 p.m., Eastern time, of the day that the request was made.

Budget Line Item Changes

For all approved BLIs, a grantee may request reimbursements for up to 100 percent of the amount approved for the BLI for actual costs incurred for these activities. If a change is identified as needed, the grantee must request the change with a justification and submit the request for FO approval. Grantees must follow the regulation at 24 CFR 574.260 in making **any** amendments to their HUD-approved competitive grants, including adjustments to the approved budget line items, performance goals, leveraged commitments or other planned activities.

Section 574.260 provides provisions calling for justification by the grantee and HUD approval for changes that significantly alter the scope, location, service area, or objectives of an activity or the number of eligible persons. The grantee must provide a copy to HUD of any other amendment (i.e. insignificant changes) to the application for review in order to accept the change. Non-substantial changes in BLIs, as defined below, may impact the scope or number of eligible persons served in an insignificant manner, thereby failing to trigger the justification and approval requirements, while still requiring HUD acceptance to be put into effect.

The grantee can document BLI changes through two means:

(1) Through HUD acceptance of non-substantial changes. A non-substantial change involves a small amount of funds, not greater than 10 percent of the approved BLI to which funds would be added, and for larger BLIs also not greater than \$50,000, a substitution of leveraged commitments for supportive services match of at least equal value to the original HUD-approved commitment, adjust client outcome estimates, or other such limited actions. The grantee may notify the FO (in writing) of the amount of funds to be transferred from the affected BLIs and describe the revised proposed use of

funds. The request will be reviewed and may be accepted by the FO, if eligible as further describe under paragraph (3). If the FO concurs with the change, the FO will register any needed edit in the appropriate BLIs in LOCCS. The FO will notify the grantee that the change has been accepted or not and the effective date for the change, including a date as early as the date the need for a change was identified.

(2) Through HUD approval in advance for a substantial change. A substantial change would involve a request to add more than 10 percent of the amount approved for any BLI, or more than \$50,000, establish a new BLI, affect the approved housing outputs established in the performance grant agreement, decrease the amount of other leveraged funds that were committed to be used for supportive service activities pursuant to a match requirement, or otherwise make any change that will significantly alter the scope, location, service area, or objectives of an activity or the number of persons served the grantee must request a grant agreement amendment in writing to the FO. The grantee must explain the reason for the transfer, provide an assessment on the impact on the approved project plans, and address how the change would be beneficial to addressing the permanent housing needs of HOPWA eligible persons in their service area. Such changes might implicate two limits established in the NOFA on (i) the limit on the amount of increase allowed to the grantee's prior budget line item of up to 120 percent of the original BLI amount; and (ii) the restriction on adding costs for a new BLI. If the grant agreement is approved by the FO following agreement with the Office of HIV/AIDS Housing, the FO will prepare a grant amendment to be signed by the grantee and that Office with a proposed future effective date for the change. Once the amendment is signed and in effect, the FO will redistribute funds between BLIs, and the grantee may request access to such funds accordingly.

(3) Some BLI changes are not eligible, including those which exceed statutory limits for administrative costs for the grantee (i.e. at not more than 3 percent of the grant award) or for a project sponsor (i.e. at not more than 7 percent of the grant funds received by this sponsor). Also, some changes are not encouraged, including any affecting other limits established in the 2004 NOFA. A change would not be encouraged that is inconsistent with: (i) the limit on the amount of supportive services that may be eligible as HOPWA costs (i.e. not more than \$455,000); (ii) the exclusion of costs for technical assistance or resource identification activities; (iii) the match conditions for the amount of the BLI approved for supportive services based on HUD's review of evidence that other funds are committed to be used for supportive services through other leveraged resources that at least match the amount of HOPWA funds approved for such activities; and the exclusion for costs for additional capital development activities that involve new facilities or sites.

(4) Some changes may not require a grant amendment, including changes that do not change an approved BLI or significantly alter the scope, location, service area, or objectives of an activity or the number of persons served the grantee. The regulation states that in these cases involving any other amendment to the application that these could be made by the grantee and the grantee is required to provide a copy to HUD. Such changes could involve the type of supportive service activities which are undertaken in connection with the permanent housing program components, adjustments

in the planned types of operating costs for housing facilities, changes in housing information services or program plans for administering the approved activities, or other such adjustments to improve the responsiveness or appropriateness of the assistance provided under their approved performance grant agreement.

(5) The following procedures are recommended for submission and review of grant changes. An official representative of the grantee should request the transfer of funds in writing, by letter or email to the Community Planning and Development Division FO Director, describing the reason(s) for the transfer, the month and year for the funds to be transferred, the amount of funds being transferred to each budget line item and a proposed budget of the old and new line items. The transfer of such funds must be approved/accepted or denied by the FO in writing (by letter or email) with notification to the grantee and HUD staff administering the financial transactions in LOCCS. In the case of a substantial amendment, the change would be recorded in a signed performance grant agreement amendment that would be prepared by the FO and signed by the FO and the grantee. Under no circumstances would a grantee be authorized to expend funds for a substantial change prior to HUD approval of the requested change.

RESTRICTIONS ON DRAWDOWNS

A grantee may not make more than one payment request per day. OMB Circular A-110 states that a grantee must make drawdowns as close in time as possible to its disbursements. It also emphasizes that LOCCS is designed so that grantees can draw down funds when needed. Funds drawn down should be disbursed in payment of program costs within three days of receipt of funds. That is, grantees should not draw down funds unless they expect to pay out those funds within three days.

PROGRAM EDITS

LOCCS/VRS uses payment controls to ensure that payments are appropriate and consistent with HOPWA program guidelines. These controls are called payment **edits**. Edits on BLIs are applied when the grantee requests funds through LOCCS/VRS. Specific program edits are as follows:

- **Term**. LOCCS will automatically send out for review any payment that is requested after the term has passed. The term for HOPWA grants is 36 months.
- **Total Amount Requested**. LOCCS will automatically reject any payment request that exceeds the total amount authorized for the grant in the grant agreement.
- **Total BLI Amount Requested**. LOCCS will automatically send out for review (to the FO via the LOCCS system) any payment request that exceeds 100 percent of the amount approved for any given BLI.
- **Administration (1060)**. A grantee may not draw more than the amount originally awarded for administrative funds. If a grantee requests more than the amount awarded for administration, the payment will be rejected.

- **Reports.** Grantees must submit an Annual Progress Report at the end of each program operating year. LOCCS/VRS will send grantees two system-generated letters regarding their annual reports. The first letter will remind each grantee that their annual report is due to the FO in 30 days. A second letter will be sent 30 days after the due date if the grantee has not submitted a report. The letter will tell the grantee that all future payments may be suspended until the report is received.

FOUR POSSIBLE OUTCOMES OF A REQUEST FOR PAYMENT

1. The request is consistent with all edits, and the payment is **approved**. The requested funds are wired to the grantee's bank account, in most cases within 48 hours of the request.
2. The grantee is unable to request any funds and is told that all further requests for funds have been **suspended**. This occurs when the grantee has failed to submit a report or is otherwise in violation of its grant agreement. Once the report is submitted or the violation is cured, the suspension will be lifted and the grantee may again request funds.
3. A request for a particular BLI is **rejected**. If the grantee does not know why the request was rejected, call the FO for assistance.
4. The payment is put **out for review**. The request has triggered an edit that FO is authorized to lift. The FO must review the request and specifically approve or reject it.

QUERIES

In addition to drawdown capability, LOCCS/VRS allows grantees to query the system for various information. The initial menu will give grantees this option at the start of each VRS call. The available query functions are as follows:

- **Grant Query:** LOCCS/VRS will give current authorized, disbursed, and available balance totals for the selected grant, along with general grant status. A detailed breakdown by line item is available if the caller wishes.
- **Voucher Query:** entering a voucher number, the status of the voucher is given. This includes when the voucher was called in, by whom, and if the voucher has been paid, canceled, or is out for review. A detailed breakdown by line item is available if the caller wishes.

LAST ASSIGNED VRS GRANT NUMBER

By specifying a Tax ID number, the last assigned VRS number for the selected program area is given by electronic voice. This is useful if the caller has not received the LOCCS/VRS-generated letter with the assigned VRS number, but wishes to draw down funds.

QUESTIONS

If you have any questions regarding the LOCCS/VRS Financial System, please call your FO representative for assistance.